

BIDDING PROCEDURES

By motion dated October 28, 2010 (the “Motion”),¹ AmericanWest Bancorporation (“AWBC”), a Washington corporation and debtor-in-possession in a case under Chapter 11 of the United States Bankruptcy Code (the “Case”), sought approval of, among other things, the procedures pursuant to which it will determine the highest or otherwise best price for the sale (the “Sale”) of all of the issued and outstanding shares of common stock (the “Shares”) of AWBC’s wholly owned subsidiary, AmericanWest Bank, a Washington state-chartered bank (the “Bank” and, together with AWBC, the “Company”), and the Other Purchased Assets, pursuant to the terms of, and substantially in the form of, that certain Asset Purchase Agreement by and among (i) SKBHC Hawks Nest Acquisition Corp, a Delaware corporation, as stalking horse bidder (the “Stalking Horse Bidder”), (ii) SKBHC Holdings LLC, a Delaware limited liability company, and (iii) AWBC (the “Seller”), dated as of October 27, 2010 (the “Purchase Agreement”) attached to the Motion.

The following are the “Bidding Procedures” as contemplated in the Purchase Agreement.

(a) In order to be qualified to receive any confidential information from the Company or the Bank, to submit an Initial Overbid, as that term is hereinafter defined, and to participate in the Auction, a potential bidder (an “Overbidder”) must submit each of the following to the Company on a timely basis:

(i) An executed confidentiality agreement which shall inure to the benefit of the Successful Bidder, in a form and substance acceptable to the Company and the Purchaser; and

(ii) Current audited financial statements and latest unaudited financial statements of the Overbidder or, if the Overbidder is an entity formed for the purpose of acquiring the Shares and the Other Purchased Assets, current audited financial statements and latest unaudited financial statements of the equity holders or sponsors of the Overbidder who will guarantee the obligations of the Overbidder, or such other form of financial disclosure and/or credit-quality support or enhancement, if any, that will allow the Company to make a reasonable determination as to the Overbidder’s financial and other capabilities to consummate the Sale (including, but not limited to, the ability to obtain all

¹ Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Motion.

necessary regulatory approvals with respect to the ownership of the Shares and operation of the Bank on a timely basis).

(b) In order to participate at the Auction, an Overbidder must submit the following to the Company at least ten (10) days prior to the Sale Hearing (the “Bid Deadline”):

(i) a proposed asset purchase agreement (the “Competing Purchase Agreement”), executed by the Overbidder, that (a) is on substantially the same terms and conditions as those in this Agreement, along with a redlined, marked copy showing all changes between the Competing Purchase Agreement and this Agreement, (b) provides for a purchase price to be paid to the Company that exceeds the sum of the Cash Purchase Price and the Stalking-Horse Bidder Fee by at least One Million Dollars (\$1,000,000) (such total amount, the “Minimum Overbid”), (c) provides for the recapitalization of the Bank through an equity contribution on terms not less favorable to the Bank than the Equity Contribution and, in any event, on terms acceptable to Governmental Authorities, (d) remains irrevocable until the earlier of the Closing or fifteen (15) days after entry of the Sale Order, (e) disclaims any right of Overbidder to receive a fee analogous to the Stalking-Horse Bidder Fee or to compensation under Bankruptcy Code Section 503(b) for making a substantial contribution and (f) contains a proposed closing date that is not later than the Outside Date hereunder;

(ii) a cashier’s check made payable to the order of the Company in the amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000) (the “Overbidder’s Deposit”) which will be retained by the Company as a nonrefundable deposit for application against the purchase price at the closing of the transaction, or returned to the Overbidder within three (3) calendar days of the Closing, in the event that the Bankruptcy Court does not approve a sale of the Shares and the Other Purchased Assets to the Overbidder;

(iii) be accompanied by admissible evidence in the form of affidavits or declarations establishing that the Overbidder has the financial ability to pay the purchase price set forth in the Competing Purchase Agreement;

(iv) remain open until the conclusion of the Sale Hearing;

(v) contain terms and conditions that are higher and better than the terms and conditions of this Agreement as determined by the Bankruptcy Court following a report and recommendation by the Company as to the highest and best offer;

(vi) provide for a purchase price to be paid to the Company that exceeds the sum of the Purchase Price and the Stalking-Horse Bidder Fee by at least the Minimum Overbid;

(vii) be accompanied by admissible evidence in the form of affidavits or declarations establishing the Overbidder's good faith, within the meaning of Section 363(m) of the Bankruptcy Code;

(viii) be accompanied by admissible evidence in the form of affidavits or declarations establishing that the Overbidder is capable and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Competing Purchase Agreement;

(ix) be accompanied by admissible evidence in the form of affidavits or declarations establishing that the Overbidder has or is capable of obtaining all required regulatory approvals to perform all of its obligations under the Competing Purchase Agreement and to close the transaction not later than the Outside Date; and

(x) disclaim any right of Overbidder to receive a fee analogous to the Stalking-Horse Bidder Fee or to compensation under Bankruptcy Code Section 503(b) for making a substantial contribution.

(c) The Purchaser, and any entity that submits a timely, conforming Competing Asset Purchase Agreement and Overbidder's Deposit (an "Initial Overbid"), as set forth above, shall each be deemed a "Qualified Overbidder" and may bid for the Shares at the Auction. Any entity (other than the Purchaser) that fails to submit a timely, conforming Initial Overbid, as set forth above, shall be disqualified from bidding for the Shares and the Other Purchased Assets at the Auction.

(d) If no timely, conforming Initial Overbid is submitted, the Company shall not conduct an Auction and shall request at the Sale Hearing that the Bankruptcy Court approve this Agreement, including the Sale of the Shares and the Other Purchased Assets to the Purchaser and the Equity Contribution contemplated thereby, and request that the Sale Order shall be immediately effective upon entry, notwithstanding the provisions of Rule 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 62(g) of the Federal Rules of Civil Procedure;

(e) If one or more timely conforming Initial Overbids is received, the Company shall conduct an auction of the Shares and the Other Purchased

Assets (the “Auction”), subject to approval of the Bankruptcy Court, in which the Purchaser and all other Qualified Overbidders may participate. The Auction shall be governed by the following procedures:

(i) all Qualified Bidders shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and to have waived any right to jury trial in connection with any disputes relating to the Auction or the Sale of the Shares and the Other Purchased Assets;

(ii) all Qualified Bidders shall be deemed to consent to provide the Company with admissible evidence in the form of affidavits or declarations establishing (A) the Qualified Bidder’s good faith, within the meaning of Section 363(m) of the Bankruptcy Code, (B) the fact that the Qualified Bidder is capable and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Competing Purchase Agreement (or this Agreement) and (C) the fact that the Qualified Bidder has or is capable of obtaining all required regulatory approvals to perform all of its obligations under the Competing Purchase Agreement (or this Agreement) on or before the deadline set by the Company;

(iii) each bid by a Qualified Overbidder (other than the Purchaser) shall be automatically reduced by an amount equal to the Stalking-Horse Bidder Fee;

(iv) bidding will commence at the amount of the highest bid submitted by a Qualified Overbidder, as determined by the Company, subject to approval by the Bankruptcy Court;

(v) each subsequent bid shall be in increments of no less than One Million Dollars (\$1,000,000);

(vi) the Purchaser shall have the right, but not the obligation, in its sole and absolute discretion, to match bids made by any Qualified Overbidder and, in such event, the Purchaser’s matching bid shall be deemed the highest and best bid for the Shares and the Other Purchased Assets;

(vii) if, upon conclusion of the Auction, and consistent with the terms of the Bidding Procedures, the Purchaser’s final bid matches or is greater than the highest bid made by any Qualified Overbidder, the Bankruptcy Court shall approve this Agreement, including the Sale of the Shares and the Other Purchased Assets to the Purchaser and the Equity Contribution contemplated thereby, and authorize the Company to sell the Shares and the Other Purchased Assets to the

Purchaser, and the amount of the Purchaser's final bid shall constitute the Cash Purchase Price under this Agreement; and

(viii) the Company may, with Bankruptcy Court approval, elect to deem the Purchaser's final bid to be the highest bid, notwithstanding the receipt of an apparently higher bid from another Overbidder, if the Company reasonably concludes that the Overbidder may not be able to close on a timely basis, or for any other reason.

(f) The Purchaser has standing and is deemed to be a party in interest with standing to be heard on any motion, hearing or other matter related to this Agreement or any Overbid, or other sale of assets subject to this Agreement.